

Agricultural income

March 1987

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AGRICULTURAL INCOME 1986

**Agricultural income 1986: virtually stable for the Community
but differences between Member States**

Income stable...

A document prepared by EUROSTAT shows that agricultural income in the Community remained virtually stable from 1985 to 1986. The net value added at factor cost in agriculture per labour input unit (Indicator 1) showed practically no change in real terms (+ 0.1 %) in the Community as a whole (excluding Portugal). This stability follows a 5 % drop in real terms in 1985. Indicator 2 shows that the disposable income available for distribution to all persons employed in agriculture increased in real terms by 0.9 % compared with a fall of 8.8 % in 1985. Indicator 3, showing the disposable income available to holders and members of their families working on the holding, increased by 2.5 %, compared with a fall of 13.9 % in 1985 (Table 1 and Graph 1).

... increased production...

Analysis of the causes of this real-terms rise in agricultural income shows that the quantities produced expanded slightly (1.2 %), with a more marked rise in crop production (1.6 %) than in animal products (0.7 %). The greater volume is largely due to a substantial increase over 1985 production of wine, and to a lesser extent, fruit, sugar beet, vegetables, and animal products other than cattle and sheep. Production of cereals, potatoes, and in particular olive oil should however prove lower than in 1985.

... a slight firming of prices...

Available information suggests that overall producer prices in Community agriculture increased slightly. The fall in the price of animal products

(- 1.6 %) was more than offset by the increase of 3.1 % in crop prices - particularly potatoes and fruit.

These changes in production volume and producer prices give a 2 % increase in the nominal value of final production.

... intermediate consumption down...

For the first time the value of intermediate consumption - i.e. goods and services used in agricultural production - fell in 1986, by 1.5 %. This was the result of slightly higher quantities (+ 0.8 %) and a fall in prices (- 2.3 %) in particular for energy (- 22.4 %) and for feed (- 2.4 %) and fertilizers (- 4.4 %).

... declining labour force...

Two other factors influenced real agricultural income per unit of labour force input: the change in the agricultural labour force and the rate of inflation. The labour force declined by 2.6 % in 1986, and the implicit price index of gross domestic product at market prices, which is used as a deflator, rose by 6 %.

... differences between Member States

The real increase of 0.1 % in agricultural income per labour input unit for the Community represents the weighted average of the changes in the Member States. Adverse conditions in certain regions have affected income in certain Member States (in particular drought in France and Spain, excessive rain in Ireland, poor weather in northern Italy, etc.). The greatest increases were in the Federal Republic of Germany and the United Kingdom (+ 8.7 % and + 4.0 % respectively); the figures for the Netherlands (+ 1.6 %) and France (+ 1.0 %) were close to the Community average. In some countries though, income declined: Italy (- 1.3 %), Greece (- 1.5 %), Denmark (- 3.8 %), Luxembourg (- 4.0 %), Spain (- 4.6 %), Belgium (- 5.4 %) and Ireland (- 7.3 %) (Table 2 and Graph 2).

Further information

A detailed analysis of trends in agricultural income and its components covering the years 1973 to 1986 is given in "Agricultural income: Sectoral income index analysis 1986" (Theme 5, Series E), just published. EUROSTAT has also published a volume of agricultural accounts for 1980-1985 (Theme 5, Series C).

¹ The estimated rise in 1986 would have been about 2.3 % (instead of 0.1 % had the consumer price index (+ 3.6 %) been used as a deflator rather than the implicit price index of GDP at market prices (+ 6.0 %). The slump in the price of imported energy is directly reflected in the smallness of the rise in consumer prices but not in the rise of GDP prices, which are the appropriate indicator for changes in domestic costs.

Table 1 : Probable change in real agricultural income per annual work unit in 1986 as against 1985 (in %)

Member State	Net value added at factor cost Indicator 1	Net income from agricultural activity	
		of total labour input in agriculture Indicator 2	of family labour input Indicator 3
B	- 5,4	- 4,5	- 4,6
DK	- 3,8	- 7,8	- 9,2
D	8,7	12,9	16,8
GR	- 1,5	2,0	2,6
E	- 4,6	- 5,2	- 4,6
F	1,0	1,4	2,0
IRL	- 7,3	- 8,6	- 9,7
I	- 1,3	- 0,2	3,1
L	- 4,0	- 4,6	- 3,6
NL	1,6	1,9	1,8
UK	4,0	5,3	17,0
EUR 11	0,1	0,9	2,5

FIGURE 1: ESTIMATED CHANGE IN REAL INCOME IN AGRICULTURE PER AWU 1986 AS COMPARED WITH 1985 (IN %)

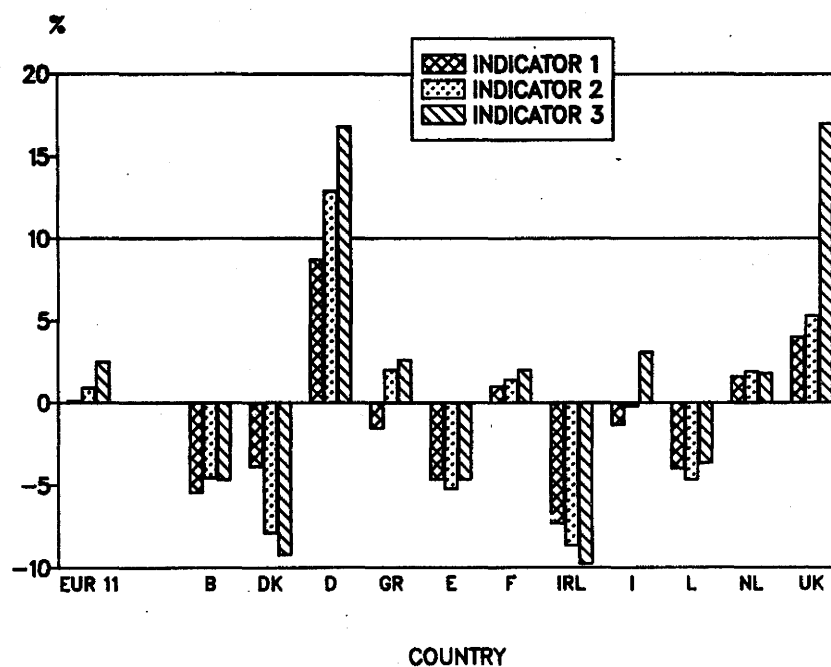


TABLE 2

INDICES OF REAL NET VALUE ADDED AT FACTOR COST
PER ANNUAL WORK UNIT (AWU) FROM 1973 TO 1986

INDICATOR 1

"1980" (1) = 100

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1986 1985
B	116.2	92.8	97.3	114.5	95.3	103.0	93.0	98.5	108.5	113.5	123.3	118.1	114.9	108.7	-5.4
DK	111.6	103.9	84.8	87.3	99.6	107.5	91.8	98.7	109.5	130.2	111.8	149.8	139.9	134.6	-3.8
D	128.8	107.9	122.0	126.8	122.7	118.2	107.1	94.0	98.9	117.9	95.7	111.8	97.9	106.4	8.7
GR	80.1	78.6	79.8	87.3	83.7	94.4	89.9	102.1	108.0	112.8	101.4	113.9	116.3	114.6	-1.5
F	131.1	119.6	107.9	107.5	106.8	109.7	110.2	96.0	93.8	112.1	104.3	106.8	103.0	104.1	1.0
IRL	108.4	96.5	115.2	110.0	135.4	138.4	110.0	92.7	97.4	105.0	109.0	126.0	117.3	108.7	-7.3
I	91.1	88.1	94.2	91.8	94.6	99.1	103.7	100.6	95.7	96.8	101.6	96.8	94.0	92.8	-1.3
L	108.9	90.8	98.6	84.3	108.5	101.2	103.8	94.5	101.7	138.8	118.7	118.5	118.5	113.7	-4.0
NL	112.0	95.0	102.4	111.6	105.5	103.4	95.6	91.8	112.6	118.6	116.4	121.7	114.8	116.7	1.6
UK	129.4	115.4	113.9	121.0	111.9	107.5	103.0	95.6	101.4	111.8	101.9	120.4	99.4	103.4	4.0
EUR 10	112.0	101.6	103.1	105.3	104.2	106.5	103.6	97.3	99.1	109.3	103.6	109.3	102.8	103.7	0.8
E	:	:	:	:	:	:	99.6	103.6	96.8	105.7	109.4	125.7	126.0	120.2	-4.6
EUR 11	:	:	:	:	:	:	102.9	98.3	98.8	108.9	104.4	111.3	105.6	105.7	0.1

(1) "1980" = (1979 + 1980 + 1981) : 3

FIGURE 2: REAL NET VALUE ADDED AT FACTOR COST IN AGRICULTURE PER AWU:
1985 INDICES ("1980"=100) AND 1986 RATES OF CHANGE
COMPARED WITH 1985 (IN %)

